

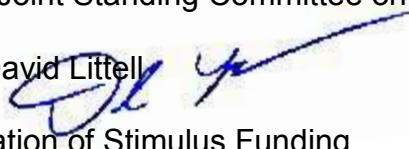


STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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GOVERNOR

DAVID P. LITTELL
COMMISSIONER

TO: Senator Seth Goodall, Chair
Representative Robert Duchesne, Chair
Members of the Joint Standing Committee on Natural Resources

FROM: Commissioner David Littell 

RE: DEP Implementation of Stimulus Funding

DATE: March 10, 2009

This memo provides an overview of DEP's implementation of the federal Stimulus Funding provided in the President's Stimulus Act (ARRA).

Clean Water Act State Revolving Loan Fund (CWSRF):

DEP has committed to paper a Project Priority Ranking System based on the existing Clean Water State Revolving Fund (CWSRF) criteria methodology, with adjustments to accommodate specific requirements of the ARRA (attached). The most notable new requirements in the Stimulus Act are for distribution of 20% of funds to "green" infrastructure and the much expedited timetable for making the awards.

Having received requests from over 90 entities for more than \$314 million in funding to undertake over 200 projects, the first task was to sort out those projects that are truly shovel-ready. With the initial review of "shovel-readiness" done, staff completed ranking, based the criteria methodology and on additional information requested from project contacts. Then we have met with the Bond Bank to review tracking procedures and with "co-funders" (US. Rural Development, DOT and DECD/CDBG) to discuss leveraging and coordination of funds where possible.

We are on track to provide a list of projects for Governor's certification well within the "45 days from date of enactment" window established in the ARRA. Maine's share is approximately \$30 million of the \$4 billion allocated for CWSRF. State match requirements have been waived. Draft guidance from EPA indicates its goal of processing state grant applications within 21 days of receipt. We now anticipate receiving the award from EPA in early April.

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The stimulus funding will provide the following economic benefits:

- Create between 850 and 1350 jobs in 16 towns in 11 counties.
- Commit 90% of the funds for construction in the summer of 2009.¹
- Open an extremely high value shellfish area in Machias to create increased permanent employment for 100+ clammers.
- Construct a new wastewater treatment facility in a new location in Ellsworth. The site of the old facility will be redeveloped as valuable riverfront property and the increased capacity at the new facility will allow for new economic development.
- Complete the first phase of upgrades to the Loring Development Authority wastewater facility.
- Maximize DEP's Stimulus funds through coordination with all other funding entities such as USDA Rural Development and DECD CDBG Program.

The stimulus funding will provide the following environmental benefits:

- Control combined sewer overflows (Auburn, Bath, Belfast, Biddeford, Brewer, Fairfield, Lewiston, Machias, Portland, Winterport).
- Eliminate discharges of municipal wastewater to Messalonskee Stream in Oakland and Limestone Stream in Limestone.
- Implement innovative non-point source control projects in urban impaired watersheds in Bangor and South Portland area.
- Produce energy savings in Biddeford, Limestone, and Machias.

The proposal will fund regional solutions to water quality issues through joint projects by the following entities:

- The Town of Oakland and the Waterville Sewer District.
- Limestone Sewer District and the Loring Development Authority.
- Long Creek Non Point Source Project (Portland, Scarborough, South Portland, Westbrook).

The attached list shows all projects considered based on their overall score developed in accordance with the attached ranking criteria. For Stimulus Funding, we applied a cap of \$3.0 million dollars to any one community. This cap will allow the limited available funds to be distributed to more communities, thereby allowing for the increased economic and environmental benefits described above. While the \$3.0 million dollar cap results in some high ranking projects not receiving Stimulus Funding, alternative funds are available to these projects. The cap spreads the funding from 9 communities to 16 communities. EPA has confirmed that other states use a cap for distribution of SRF funds and that this practice is acceptable.

¹ The remaining 10% is comprised of 2 projects that will begin construction in September and November. It is noted that the Machias project has the latest construction start date (November 2009). However, this project will eliminate combined sewer overflows from this facility allowing an extremely high value shellfish area that employs 100+ clammers to be opened 5-6 months longer per year than it currently is. DMR has rated this area as one of the top 5 soft shell clam resources in the state. While this project will begin a few months later than the others on the list, it will result in increased permanent employment for these 100+ clammers once the project is completed.

As required under the Stimulus Act, release for public comment a draft proposed project list with rankings, proposed award amount, and ranking criteria - Friday March 13th.

The Department will make changes as appropriate based on public comments.

Finally we plan to submit final project list and ranking criteria to EPA for approval to complete the state's grant application - Friday March 27th.

Leaking Underground Storage Tanks (LUST):

DEP submitted a draft work plan for the use of the anticipated \$1.7 million in ARRA funds to EPA as required within a week of the bill signing. Awaiting the agency's comment, staff is reviewing the list of known USTs needing to be properly abandoned according to the federally-established criteria of tank type and size to identify eligible projects. Staff also expects that DOT's road construction activities may identify previously-unknown tanks that could be properly removed using ARRA funds. DEP has been able to assist DOT with unfortunate and expensive surprises when they've dug up tanks during a road construction projects in the past.

Diesel Emission Reduction (DERA):

DEP has filed notice confirming that Maine is seeking DERA monies. If all 50 states and D.C. indicate the intent to apply, Maine will receive approximately \$1.7 million; if fewer states participate, the share will be higher. In any event, by late March we expect EPA to require a work plan detailing use of the funds, and DEP has already identified categories of projects based on Departmental outreach and applicants' expressed interest.

DEP has worked closely with DOT in constructing the list as some DOT ferries and port operating equipment can benefit from rebuilding engines to make them much cleaner. The categories of clean diesel projects identified include:

- low interest loan money for diesel truck alternative power units through the program the Governor initiated last fall with FAME, PUC and DEP;
- repowering state ferries;
- repowering fishing vessels;
- replacing diesel school buses with propane;
- replacing school bus heaters;
- municipal fleet retrofits; and
- retrofits of port operating equipment.

As with other sections of ARRA, the DERA provisions require the promotion of economic recovery as well as preserving/creating jobs. We are on schedule to meet the EPA's draft guidelines and receive this funding in April.

Assistance to local and regional entities seeking direct EPA funding

In addition to the direct state grants for projects, ARRA includes a significant amount of money for competitive grants to be awarded on a regional or local basis. DEP is working with entities that have unsuccessfully applied in the past to rework their proposals for this additional funding source including brownfields projects and DERA funding (EPA will directly grant 70% of the DERA funds).

While Maine's state brownfield redevelopment program will not receive direct EPA funding, DEP is working with 10-15 municipalities and regional entities to seek stimulus funds for brownfields redevelopment. EPA is granting stimulus funds directly to local and regional entities that could bring millions into brownfields cleanups throughout Maine which would support construction employment and professional services for site assessment, cleanup planning, and redevelopment planning.